

STATE OF NEW MEXICO

Town of Red River



ANNUAL FINANCIAL REPORT

JUNE 30, 2010

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Town of Red River
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

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OFFICIAL ROSTER
June 30, 2010

<u>Name</u>		<u>Title</u>
	<u>Town Council</u>	
Linda Calhoun		Mayor
Jenny Hawkes		Council Member
Cori Jenkins		Council Member
Ben Richey		Council Member
George Woerndle		Council Member
	<u>Town Officials</u>	
Russell Church		Town Administrator
Georgiana Rael		Town Clerk
Georgiana Rael		Finance Officer
Jack Griffin		Municipal Judge

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Town Council
Town of Red River
Red River, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Town of Red River (the "Town") as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Town's non-major governmental funds and the budgetary comparisons for each major capital projects fund, and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of Town of Red River's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Town of Red River, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison statements for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Town of Red River as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparison statements for each non-major governmental fund, major capital projects fund, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010 on our consideration of the Town of Red River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Where Quality & Accuracy Count

6565 Americas Parkway NE, Ste 670
Albuquerque, NM 87110

Office: 505-563-5525
Fax: 505-563-5524

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The *Management's Discussion and Analysis* on pages 13-20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Red River's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through III in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Town of Red River. Such information has been subjected to the auditing procedures applied in the audit of the basic and each of the non-major governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Precision Accounting, LLC
Albuquerque, New Mexico
October 25, 2010

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STATE OF NEW MEXICO
Town of Red River
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

As management of Town of Red River, we offer readers of Town of Red River financial statements this narrative overview and analysis of the financial activities of Town of Red River for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements of Town of Red River and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of Town of Red River exceeded its liabilities at the close of the most recent fiscal year by \$11,866,451 (*net assets*). Of this amount, \$2,545,268 (*unrestricted net assets*) is obligated to citizens and creditors.
 - The government's total net assets increased by \$3,181,101 during the fiscal year. The majority of this increase is due an increase in net assets for governmental activities.
 - As of June 30, 2010, the Town's governmental funds reported combined ending fund balances of \$746,947. Of this total, \$318,099 is restricted for capital projects and \$98,646 is restricted for debt service.
-
- Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Red River's basic financial statements. Town of Red River's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Town of Red River's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Town of Red River's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Town of Red River is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Town of Red River that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Town of Red River include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Town include Sewer.

The government-wide financial statements can be found at Exhibits A-I and A-2 of this report.

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Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Red River, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Town of Red River can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Town of Red River maintains twenty-two individual governmental funds organized according to their type (special revenue, debt Service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Sewer/AWWT Replacement Fund, Streets Tax Fund and Grants Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Town of Red River adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Lodger's Tax Fund and Sewer/AWWT Replacement Fund, Streets Tax Fund and Grant Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the Town charges customers - either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains three types of proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Town of Red River's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Town of Red River fiduciary funds account for the collection of motor vehicle fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-I of this report

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-66 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75-85 of this report.

STATE OF NEW MEXICO
Town of Red River
Management's Discussion and Analysis
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Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the third year that the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments.*

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Town of Red River, assets exceeded liabilities by \$11,866,451 at the close of the current fiscal year.

The largest portion of Town of Red River's net assets represents the Town's investment of \$7,602,508 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. Town of Red River uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Town of Red River's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Red River's Net Assets						
	June 30, 2010			June 30, 2009		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Assets						
Current and other assets	\$933,841	\$353,479	\$1,287,320	\$811,669	\$297,532	\$1,109,201
Capital assets, net of accumulated depreciation	9,746,619	2,257,849	12,004,468	6,239,555	2,609,888	8,849,443
Total Assets	\$10,680,460	\$2,611,328	\$13,291,788	\$7,051,224	\$2,907,420	\$9,958,664
Liabilities						
Long-term liabilities outstanding	\$1,008,137	\$14,486	\$1,022,623	\$739,672	\$16,654	\$756,326
Other Liabilities	367,328	35,386	402,714	471,594	45,374	516,968
Total Liabilities	\$1,375,465	\$49,872	\$1,425,337	\$1,211,266	\$62,028	\$1,273,294
Net Assets						
Invested in capital assets, net of related debt	\$5,361,398	\$2,241,110	\$7,602,508	\$5,431,950	\$ 2,593,149	\$8,025,099
Restricted	1,718,675	-	1,718,675	1,227,566	-	1,227,566
Unrestricted	2,224,922	320,346	2,545,268	(869,558)	252,243	(617,315)
Total Net Assets	\$9,304,995	\$2,561,456	\$11,866,451	5,839,958	2,845,392	8,685,350
Total Liabilities and Net Assets	\$10,680,460	\$2,611,328	\$13,291,788	\$7,051,224	\$2,907,420	\$9,958,644

A portion of Town of Red River's net assets represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

At the end of the current fiscal year, Town of Red River is able to report positive balances in all of the categories of net assets, for the government as a whole as well as for the business-type activities.

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Town of Red River
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The Town of Red River's net assets increased by \$3,181,101 during the current fiscal year. This increase is explained in the government and business-type activities discussion below and is primarily a result of decreased expenditures during the fiscal year.

Changes in Net Assets
For the Year Ended June 30, 2010

Analysis of Changes in Net Assets	Governmental Activities	Business Type Activities	Total
Revenue			
Program revenue			
Charges for Service	\$919,422	\$1,105,614	\$2,025,036
Operating grants and contributions	1,125,337	-	1,125,337
Capital Grants	316,722	-	316,722
General Revenue			
Property Tax	293,224	-	293,224
Franchise Tax	76,313	-	76,313
Gross Receipts Tax	1,249,966	-	1,249,966
Motor Vehicle and Fuel Tax	540,309	-	540,309
Misc revenues	72,124	-	72,124
Unrestricted Investments earnings	35	18,057	18,092
Total Revenue	\$4,593,452	\$1,123,671	\$5,717,123
Expenses			
General Government	\$574,298	-	\$574,298
Public Safety	1,229,055	-	1,229,055
Culture and Recreation	874,435	-	874,435
Health and Welfare	528,929	-	528,929
Public Works	(46,776)	-	(46,776)
Interest on Long-term debt	28,194	-	28,194
Business-type activities	-	1,407,607	1,407,607
Total Expenses	\$ 3,188,135	\$1,407,607	\$4,595,742
(Decrease) Increase in Assets before transfer	\$1,405,317	\$(283,936)	\$1,121,381
Transfers	-	-	-
(Decrease) Increase in Net Assets	3,465,037	(283,936)	3,181,101
Net Assets, Beginning of Year (restated)	\$5,839,958	\$2,845,392	\$8,685,350
Ending Net Assets	\$9,304,995	\$2,561,456	\$11,866,451

Governmental activities: Governmental activities increased The Town of Red River's net assets by \$1,405,317. The key element of this increase was revenues, primarily charges for services and operating grants and contributions, increasing to a greater extent than expenditures.

Business-type activities: Business-type activities decreased the Town's net assets by \$283,936. The key element of this decrease was operating expenses were increased and revenues decreased in the joint utility operations.

Town of Red River
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

Changes in Net Assets
For the Year Ended June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	\$798,863	\$1,098,828	\$1,897,691
Operating grants and contributions	697,369	-	697,369
Capital Grants	1,402,767	-	1,402,767
General Revenue			
Property Tax	273,573	-	273,573
Franchise Tax	56,118	-	56,118
Gross Receipts Tax	1,177,414	-	1,177,414
Motor Vehicle and Fuel Tax	505,844	-	505,844
Misc revenues	72,000	-	72,000
Unrestricted Investments earnings	317	32,755	33,072
Total Revenue	\$4,984,265	\$1,131,583	\$6,155,848
Expenses			
General Government	\$607,557	-	\$607,577
Public Safety	870,871	-	870,871
Culture and Recreation	823,143	-	823,143
Health and Welfare	272,992	-	272,992
Public Works	1,414,563	-	1,414,563
Interest on Long-term debt	23,748	-	23,748
Business-type activities	-	1,398,803	1,398,803
Total Expenses	\$4,012,874	\$1,398,803	\$5,411,677
(Decrease) Increase in Assets before transfer	\$971,391	\$(267,220)	\$704,171
Transfers	(89,300)	89,300	-
(Decrease) Increase in Net Assets	882,091	(177,920)	180,764
Net Assets, Beginning of Year (restated)	4,957,867	3,023,312	7981,179
Ending Net Assets	\$5,839,958	\$2,845,392	\$8,685,350

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FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, Town of Red River uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Town of Red River's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Town of Red River's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year, Town of Red River's governmental funds reported combined ending fund balances of \$746,947, an increase of \$268,387 in comparison with the prior year. This entire amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$4,654,606 in the fiscal year ended June 30, 2010, which represents a decrease of \$380,096 from the fiscal year ended June 30, 2009. Expenditures for governmental activities, totaling \$4,325,173, decreased by \$613,319 from the fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2010, revenues exceeded expenditures by \$328,887.

The General Fund is the chief operating fund of Town of Red River. At the end of the current fiscal year, *unreserved fund balance* of the general fund was \$323,869, while total fund balance was \$323,869.

The fund balance of Town of Red River's general fund increased by \$176,753 during the current fiscal year due to revenues in excess of expenditures. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2010 due to an increase in general revenue.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$172,522. The net increase in fund balance for the current year was \$49,486. The net increase in fund balance is due primarily to an increase in revenues.

Streets Tax Fund. The Streets Tax Fund has a fund balance of \$96,004. The net increase in fund balance for the year was \$4,143. The increase was primarily due to an increase in tax revenue.

Grants Fund. The Grants Fund has a fund deficit of (\$185,055). This deficit is \$88,905 less than the fiscal year ended June 30, 2009.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Sewer, Solid Waste, and Water were \$2,252,123, \$182,532, and \$126,801, respectively. The total decrease in net assets for the proprietary funds was \$(283,936). Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

Fiduciary Funds. The Town maintains fiduciary funds for the assets of the Motor Vehicle Department funds. Changes to the fiduciary funds were immaterial for the fiscal year.

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General Fund Budgetary Highlights

Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Town level, Town of Red River utilizes goals and objectives defined by the Town Councilors, community input meetings, long-term plans and input from various staff groups to develop the Town budget. Town priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable (Unfavorable) Variance
\$1,612,364	\$1,486,498	\$ 125,866

The Town's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year. Net budget increases in the departments totaled \$270,540 for expenditures and were as follows:

General Fund	\$ 133,576
Non-major Funds	14,910
Total	<u>\$ 148,486</u>

The Capital Project Funds (non-major) are not included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BARs).

Capital Asset and Debt Administration

Capital assets. Town of Red River's capital assets for its governmental and business-type activities as of June 30, 2010 amount to \$12,004,468 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$4,366,406 for governmental activities due primarily to increases in infrastructure, equipment and vehicles. There was a slight increase (excluding accumulated depreciation) in business-type capital assets in the amount of \$1,177 during the current fiscal year.

Capital Assets, Net of Depreciation
June 30, 2010

	Governmental Activities	Business Type Activities	Total
Infrastructure	\$ 2,155,385	\$ ---	\$ 2,155,385
Land	1,962,499	---	1,962,499
Buildings and improvements	6,380,646	7,794,525	14,175,171
Machinery and equipment	2,623,805	345,449	2,969,254
Vehicles	2,071,533	338,964	2,410,497
Total capital assets	15,193,868	8,478,938	23,672,806
Accumulated depreciation	(5,683,396)	(6,220,789)	(11,904,185)
Capital assets, net of accumulated depreciation	\$ 9,510,472	\$ 2,258,149	\$ 11,768,621

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For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the Town of Red River had total long-term obligations outstanding of \$1,191,846. Of this amount, \$370,000 is revenue bonds with the gross revenue from utility operations pledged to pay the payments.

Town of Red River's Outstanding Debt
As of June 30, 2010

	Governmental Activities	Business-like Activities	Total
Revenue Bonds	\$370,000	\$ -	\$370,000
NMFA notes	492,963	-	492,963
Misc. Bonds	269,888	5,367	275,255
Accrued compensated absences	55,560	9,119	64,679
Total long-term liabilities	\$1,188,411	\$14,486	\$1,202,897

Long-term debt additions and retirements related to notes and capital leases for governmental activities for the current year were \$502,117 and \$193,259, respectively. For business type activities long-term debt additions and retirements related to notes and capital leases were \$0 and \$11,372, respectively. Accrued compensated absences additions and retirements were \$46,787 and \$63,176, respectively, for governmental activities. Business type activities accrued compensated absences additions and retirements were \$13,260 and \$24,558, respectively.

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding Town of Red River's long-term debt.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

The above factors were considered in preparing the Town of Red River's budget for the 2010 fiscal year. There are no currently known facts, decisions, or conditions that are expected to have a significant effect or impact on the Town's financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Red River's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Red River Administration, Town of Red River, P.O. Box 1020, Red River, New Mexico, 87558.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF NET ASSETS
June 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 727,441	\$ 240,766	\$ 968,207
Investments	92,531	242	92,773
Taxes receivable	18,697	-	18,697
Internal balances	(11,365)	11,365	-
Accounts receivable	100,504	101,106	201,610
Inventory	6,033	-	6,033
	<u>933,841</u>	<u>353,479</u>	<u>1,287,320</u>
Total Current Assets			
Noncurrent Assets			
Capital assets	15,193,868	8,481,136	23,675,004
Less: accumulated depreciation	<u>(5,447,249)</u>	<u>(6,223,287)</u>	<u>(11,670,536)</u>
	<u>9,746,619</u>	<u>2,257,849</u>	<u>12,004,468</u>
Total Noncurrent Assets			
Total Assets	<u><u>\$ 10,680,460</u></u>	<u><u>\$ 2,611,328</u></u>	<u><u>\$ 13,291,788</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF NET ASSETS
June 30, 2010

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 122,996	\$ 7,488	\$ 130,484
Accrued salaries and wages	43,709	8,015	51,724
Accrued interest	22,583	-	22,583
Accrued compensated absences	11,051	7,048	18,099
Deferred Revenue	9,369	1,463	10,832
Current portion of bonds payable	152,485	5,367	157,852
Total Current Liabilities	362,193	29,381	391,574
Noncurrent Liabilities			
Bonds payable	285,000	-	285,000
Accrued Compensated Absences	44,508	9,119	53,627
Loans and notes payable	695,367	-	695,367
Total Noncurrent Liabilities	1,024,875	9,119	1,033,994
Total Liabilities	1,387,068	38,500	1,425,568
Net Assets			
Invested in capital assets, net of related debt	5,361,398	2,252,482	7,613,880
Restricted for:			
Debt Service	130,244	-	130,244
Capital projects	1,588,431	-	1,588,431
Unrestricted	2,213,319	320,346	2,533,665
Total Net Assets	9,293,392	2,572,828	11,866,220
Total Net Assets and Liabilities	\$ 10,680,460	\$ 2,611,328	\$ 13,291,788

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2010

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
General government	\$ 585,670	\$ 464,865	\$ 276,118
Public safety	1,229,055	367,943	818,202
Public works	(46,776)	18,445	2,447
Culture and recreation	874,666	68,169	18,895
Health and welfare	528,929	-	9,675
Interest on long-term debt	28,194	-	-
<i>Total governmental activities</i>	<u>3,199,738</u>	<u>919,422</u>	<u>1,125,337</u>
Business-type Activities:			
Sewer/AWWT	679,735	427,021	-
Solid Waste	330,247	318,705	-
Water	386,253	359,888	-
<i>Total business type activities</i>	<u>1,396,235</u>	<u>1,105,614</u>	<u>-</u>
<i>Total</i>	<u><u>\$ 4,595,973</u></u>	<u><u>\$ 2,025,036</u></u>	<u><u>\$ 1,125,337</u></u>
General Revenues:			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Property taxes, levied for capital projects			
Franchise taxes			
Gross receipts taxes			
Public service taxes			
Interest income			
Miscellaneous income			
Total General Revenues and Transfers			
Excess (deficiency) of revenues over expenses			
Change in net assets			
Net assets, beginning			
Restatement of Net Assets, Note 17			
Net assets, ending			

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2010

Exhibit A-2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Capital Grants and Contributions	Government Activities	Business Type Activities	Total
\$ -	\$ 155,313	\$ -	\$ 155,313
-	(42,910)	-	(42,910)
230,998	298,666	-	298,666
85,724	(701,878)	-	(701,878)
-	(519,254)	-	(519,254)
-	(28,194)	-	(28,194)
<u>316,722</u>	<u>(838,257)</u>	<u>-</u>	<u>(838,257)</u>
-	-	(252,714)	(252,714)
-	-	(11,542)	(11,542)
-	-	(26,365)	(26,365)
<u>-</u>	<u>-</u>	<u>(290,621)</u>	<u>(290,621)</u>
<u>\$ 316,722</u>	<u>\$ (838,257)</u>	<u>\$ (290,621)</u>	<u>\$ (1,128,878)</u>
	293,224	-	293,224
	-	-	-
	-	-	-
	76,313	-	76,313
	1,249,966	-	1,249,966
	540,309	-	540,309
	35	18,057	18,092
	72,124	-	72,124
	<u>2,231,971</u>	<u>18,057</u>	<u>2,250,028</u>
	1,393,714	(272,564)	1,121,150
	<u>1,393,714</u>	<u>(272,564)</u>	<u>1,121,150</u>
	5,839,958	2,845,392	8,685,350
	2,059,720	-	2,059,720
	<u>7,899,678</u>	<u>2,845,392</u>	<u>10,745,070</u>
	<u>\$ 9,293,392</u>	<u>\$ 2,572,828</u>	<u>\$ 11,866,220</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General Fund</u>	<u>Local Government Corrections Fund</u>	<u>Lodgers' Tax Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 48,711	\$ 5,946	\$ 138,304
Investments	247	-	-
Accounts and taxes receivable	43,999	-	-
Other receivables	-	-	45,318
Due from other funds	289,229	-	9,785
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 382,186</u>	<u>\$ 5,946</u>	<u>\$ 193,407</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 23,399	\$ -	\$ 20,885
Accrued salaries and benefits	15,847	-	-
Accrued compensated absences	9,702	-	-
Deferred revenue	9,369	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>58,317</u>	<u>-</u>	<u>20,885</u>
<i>Fund balances</i>			
Reserved for inventory			
Unreserved:			
Undesignated, reported in:			
General fund	323,869	5,946	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Special revenue funds	-	-	172,522
<i>Total fund balances</i>	<u>323,869</u>	<u>5,946</u>	<u>172,522</u>
<i>Total liabilities and fund balances</i>	<u>\$ 382,186</u>	<u>\$ 5,946</u>	<u>\$ 193,407</u>

The accompanying notes are an integral part of these financial statements

Transportation Grant Fund	Advanced Life Support System Fund	Grants Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 534,480	\$ 727,441
-	10,827	-	81,457	92,531
-	-	-	22,440	66,439
-	-	-	7,444	52,762
-	-	-	1,362	300,376
-	-	-	6,033	6,033
<u>\$ -</u>	<u>\$ 10,827</u>	<u>\$ -</u>	<u>\$ 653,216</u>	<u>\$ 1,245,582</u>
\$ 69	\$ 3,551	\$ 34,154	\$ 40,938	\$ 122,996
2,114	17,046	1,951	6,751	43,709
395	-	-	723	10,820
-	-	-	-	9,369
<u>53,157</u>	<u>109,435</u>	<u>148,950</u>	<u>199</u>	<u>311,741</u>
<u>55,735</u>	<u>130,032</u>	<u>185,055</u>	<u>\$ 48,611</u>	<u>498,635</u>
-	-	-	6,033	6,033
-	-	-	-	329,815
-	-	-	414,103	414,103
-	-	-	98,646	98,646
<u>(55,735)</u>	<u>(119,205)</u>	<u>(185,055)</u>	<u>85,823</u>	<u>(101,650)</u>
<u>(55,735)</u>	<u>(119,205)</u>	<u>(185,055)</u>	<u>604,605</u>	<u>746,947</u>
<u>\$ -</u>	<u>\$ 10,827</u>	<u>\$ -</u>	<u>\$ 653,216</u>	<u>\$ 1,245,582</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

TOWN OF RED RIVER

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2010

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the statements of net assets are different because:

Fund balances - total governmental funds	\$	746,947
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		9,746,619
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued interest		(22,583)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(1,177,591)</u>
Net assets of governmental activities	\$	<u>9,293,392</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ending June 30, 2010

	General Fund	Local Government Corrections Fund	Lodgers' Tax Fund
<i>Revenues:</i>			
Taxes	\$ 1,145,185	\$ -	\$ 515,901
Intergovernmental Income	63,314	-	-
Charges for Services	253,526	-	-
Licenses and Fees	128,202	2,060	-
Investment Income (Loss)	34	-	-
Miscellaneous	36,884	-	-
	1,627,145	2,060	515,901
<i>Expenditures:</i>			
<i>Current:</i>			
General Government	433,225	-	-
Public Safety	837,882	264	-
Public Works	968	-	-
Culture and Recreation	66,745	-	257,915
Health and Welfare	111,572	-	-
Capital Outlay	-	-	-
<i>Debt Service:</i>			
Principal	-	-	-
Interest	-	-	-
	1,450,392	264	257,915
<i>Excess (deficiency) of revenues over expenditures</i>	176,753	1,796	257,986
<i>Other financing sources (uses)</i>			
Transfers In	-	-	-
Transfers (Out)	-	-	(208,500)
<i>Total other financing sources (uses)</i>	-	-	(208,500)
<i>Net change in fund balance</i>	176,753	1,796	49,486
<i>Fund balance - beginning of year</i>	147,116	4,150	123,036
<i>Fund balance - end of year</i>	\$ 323,869	\$ 5,946	\$ 172,522

The accompanying notes are an integral part of these financial statements

RES

Transportation Grant Fund	Advanced Life Support System Fund	Grants Fund	Other Governmental Funds	Total
\$ 60,500	\$ -	\$ -	\$ 498,726	\$ 2,220,312
87,614	-	952,618	336,467	1,440,013
-	(2,182)	-	301,542	552,886
797	-	568	-	131,627
-	1	-	801	836
-	166,968	2,447	102,087	308,386
<u>148,911</u>	<u>164,787</u>	<u>955,633</u>	<u>1,239,623</u>	<u>4,654,060</u>
-	-	707,559	-	1,140,784
-	308,298	66	318,098	1,464,608
-	-	8,899	379,726	389,593
149,097	-	-	334,370	808,127
-	-	-	197,870	309,442
-	-	150,204	-	150,204
-	-	-	40,000	40,000
-	-	-	22,415	22,415
<u>149,097</u>	<u>308,298</u>	<u>866,728</u>	<u>1,292,479</u>	<u>4,325,173</u>
<u>(186)</u>	<u>(143,511)</u>	<u>88,905</u>	<u>(52,856)</u>	<u>328,887</u>
-	-	-	148,000	148,000
-	-	-	-	(208,500)
-	-	-	148,000	(60,500)
(186)	(143,511)	88,905	95,144	268,387
(55,549)	24,306	(273,960)	509,461	478,560
<u>\$ (55,735)</u>	<u>\$ (119,205)</u>	<u>\$ (185,055)</u>	<u>\$ 604,605</u>	<u>\$ 746,947</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER

Exhibit B-2
Page 2 of 2

RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ending June 30, 2010

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds \$ 268,387

Governmental funds report capital outlays as expenditures. However in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital additions from construction in progress and borrowings	1,179,511
Capital expenditures	361,336
Depreciation expense	(557,235)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities:

Decrease in Accrued compensated absences	17,642
Increase in accrued interest	(5,779)
Principal payments on notes payable	89,852
Principal payments on Bonds payable	<u>40,000</u>

Change in net assets of governmental activities \$ 1,393,714

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,006,300	\$ 1,006,300	\$ 1,125,139	\$ 118,839
Intergovernmental Income	63,070	63,070	63,314	244
Charges For Services	257,835	257,835	253,419	(4,416)
Licenses and Fees	133,900	133,900	130,558	(3,342)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	34	34
Miscellaneous	60,500	60,500	40,958	(19,542)
<i>Total revenues</i>	<u>1,521,605</u>	<u>1,521,605</u>	<u>1,613,422</u>	<u>91,817</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	508,868	550,881	464,547	86,334
Public Safety	796,500	796,500	845,629	(49,129)
Public Works	1,000	16,000	968	15,032
Culture and Recreation	62,417	69,839	65,718	4,121
Health and Welfare	110,003	179,144	109,636	69,508
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,478,788</u>	<u>1,612,364</u>	<u>1,486,498</u>	<u>125,866</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>42,817</u>	<u>(90,759)</u>	<u>126,924</u>	<u>217,683</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(42,817)	90,759	-	(90,759)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(42,817)</u>	<u>90,759</u>	<u>-</u>	<u>(90,759)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	126,924	126,924
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>211,263</u>	<u>211,263</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,187</u>	<u>\$ 338,187</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			19,428	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			30,401	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ 176,753</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	2,900	2,900	2,060	(840)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	100	100	-	(100)
<i>Total revenues</i>	3,000	3,000	2,060	(940)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	3,000	3,000	264	2,736
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	3,000	3,000	264	2,736
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,796	1,796
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,796	1,796
<i>Cash Balance - Beginning of Year</i>	-	-	4,150	4,150
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 5,946	\$ 5,946
Net change in cash (Non-GAAP Budgetary basis)			\$ 1,796	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in cash (GAAP basis)			\$ 1,796	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
LODGERS TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 476,000	\$ 476,000	\$ 496,064	\$ 20,064
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	476,000	476,000	496,064	20,064
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	269,890	284,890	252,066	32,824
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	269,890	284,890	252,066	32,824
<i>Excess (deficiency) of revenues over expenditures</i>	206,110	191,110	243,998	52,888
<i>Other financing sources (uses)</i>				
Designated Cash	(206,110)	(191,110)	-	191,110
Transfers In	(206,000)	(206,000)	(208,500)	(2,500)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(412,110)	(397,110)	(208,500)	188,610
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(206,000)	(206,000)	35,498	241,498
<i>Cash Balance - Beginning of Year</i>	-	183,949	112,591	(71,358)
<i>Cash Balance - End of Year</i>	\$ (206,000)	\$ (22,051)	\$ 148,089	\$ 170,140
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(7,105)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			21,093	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ 49,486	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
TRANSPORTATION GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 58,000	\$ 58,000	\$ 60,500	\$ 2,500
Intergovernmental Income	92,125	92,125	87,614	(4,511)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	797	797
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	150,125	150,125	148,911	(1,214)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	150,065	150,065	150,065	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	150,065	150,065	150,065	-
<i>Excess (deficiency) of revenues over expenditures</i>	60	60	(1,154)	(1,214)
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(3)	(110)	-	110
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	57	(50)	(1,154)	(1,104)
<i>Cash Balance - Beginning of Year</i>	-	-	(52,003)	(52,003)
<i>Cash Balance - End of Year</i>	\$ 57	\$ (50)	\$ (53,157)	\$ (53,107)
Net change in cash (Non-GAAP Budgetary basis)			\$ (1,154)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			968	
Net change in cash (GAAP basis)			\$ (186)	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
ADVANCED LIFE SUPPORT SYSTEM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	(2,182)	(2,182)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	300	300	1	(299)
Miscellaneous	341,100	341,100	166,968	(174,132)
<i>Total revenues</i>	<u>341,400</u>	<u>341,400</u>	<u>164,787</u>	<u>(176,613)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	292,565	292,565	287,701	4,864
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>292,565</u>	<u>292,565</u>	<u>287,701</u>	<u>4,864</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>48,835</u>	<u>48,835</u>	<u>(122,914)</u>	<u>(171,749)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(48,835)	(48,835)	-	48,835
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(48,835)</u>	<u>(48,835)</u>	<u>-</u>	<u>48,835</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(122,914)	(122,914)
<i>Cash Balance - Beginning of Year</i>	-	-	24,306	24,306
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98,608)</u>	<u>\$ (98,608)</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (122,914)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(20,597)	
Net change in cash (GAAP basis)			<u>\$ (143,511)</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	1,873,421	1,873,421	1,639,831	(233,590)
Charges For Services	182,200	182,200	297,623	115,423
Licenses and Fees	-	-	-	-
Interest Income	-	-	60	60
Investment Income(Loss)	-	-	-	-
Miscellaneous	80,000	80,000	107,840	27,840
<i>Total revenues</i>	<u>2,135,621</u>	<u>2,135,621</u>	<u>2,045,354</u>	<u>(90,267)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	1,821,917	1,821,917	1,452,732	369,185
Public Safety	42,334	42,334	178,341	(136,007)
Public Works	84,666	84,666	129,809	(45,143)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	26,000	26,000	81,617	(55,617)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,974,917</u>	<u>1,974,917</u>	<u>1,842,499</u>	<u>132,418</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>160,704</u>	<u>160,704</u>	<u>202,855</u>	<u>42,151</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(160,704)	(160,704)	-	160,704
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(160,704)</u>	<u>(160,704)</u>	<u>-</u>	<u>160,704</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	202,855	202,855
<i>Cash Balance - Beginning of Year</i>	-	-	(148,950)	(262,130)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,275)</u>	<u>\$ (59,275)</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 202,855	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(113,950)	
Net change in fund balance (GAAP Basis)			<u>\$ 88,905</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2010

	Sewer/ AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ 92,097	\$ 108,288	\$ 40,381	\$ 240,766
Investments	242	-	-	242
Accounts receivable (less allowance for doubtful accounts of \$7,177, \$5,390 and \$6,178)	38,713	29,070	33,323	101,106
Due from other funds	10,713	13,003	(12,351)	11,365
Inventory	-	-	-	-
<i>Total current assets</i>	<u>141,765</u>	<u>150,361</u>	<u>61,353</u>	<u>353,479</u>
<i>Capital assets</i>				
Capital assets	7,797,023	338,964	345,149	8,481,136
Accumulated depreciation	(5,675,430)	(281,295)	(266,562)	(6,223,287)
<i>Total Capital assets</i>	<u>2,121,593</u>	<u>57,669</u>	<u>78,587</u>	<u>2,257,849</u>
<i>Total Assets</i>	<u>\$ 2,263,358</u>	<u>\$ 208,030</u>	<u>\$ 139,940</u>	<u>\$ 2,611,328</u>
<i>Liabilities and Net Assets</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 2,627	\$ 6,167	\$ 157	\$ 8,951
Accrued salaries and benefits	3,056	1,501	3,458	8,015
Accrued compensated absences	1,046	174	5,828	7,048
Current maturity of note payable	-	11,372	-	11,372
<i>Total current liabilities</i>	<u>6,729</u>	<u>19,214</u>	<u>9,443</u>	<u>35,386</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	5,367	-	5,367
Accrued compensated absences payable	4,506	917	3,696	9,119
<i>Total noncurrent liabilities</i>	<u>4,506</u>	<u>6,284</u>	<u>3,696</u>	<u>14,486</u>
<i>Total liabilities</i>	<u>11,235</u>	<u>25,498</u>	<u>13,139</u>	<u>49,872</u>
<i>Net Assets:</i>				
Invested in capital assets, net of related debt	2,121,593	40,930	78,587	2,241,110
Unreserved				
Unreserved, undesignated	130,530	141,602	48,214	320,346
<i>Total net assets</i>	<u>2,252,123</u>	<u>182,532</u>	<u>126,801</u>	<u>2,561,456</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 2,263,358</u>	<u>\$ 208,030</u>	<u>\$ 139,940</u>	<u>\$ 2,611,328</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Operating revenues:</i>				
Charges for services	\$ 427,021	\$ 318,705	\$ 359,888	\$ 1,105,614
<i>Total operating revenues</i>	<u>427,021</u>	<u>318,705</u>	<u>359,888</u>	<u>1,105,614</u>
<i>Operating expenses:</i>				
Operating Expenses	176,297	140,824	113,619	430,740
Travel	3,802	17,964	5,886	27,652
Gross Receipts Tax	20,136	-	15,109	35,245
Depreciation	251,157	52,588	51,669	355,414
Purchases for Resale	-	4,108	-	4,108
Contract Services	10,605	-	5,758	16,363
Salaries	195,535	123,482	189,734	508,751
Supplies	22,203	2,653	4,478	29,334
<i>Total operating expenses</i>	<u>679,735</u>	<u>341,619</u>	<u>386,253</u>	<u>1,407,607</u>
<i>Operating income (loss)</i>	<u>(252,714)</u>	<u>(22,914)</u>	<u>(26,365)</u>	<u>(301,993)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	-	18,057	-	18,057
Interest expense	-	-	-	-
Transfers	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>18,057</u>	<u>-</u>	<u>18,057</u>
<i>Change in net assets</i>	(252,714)	(4,857)	(26,365)	(283,936)
<i>Total net assets, beginning of year</i>	<u>2,504,837</u>	<u>187,389</u>	<u>153,166</u>	<u>2,845,392</u>
<i>Total net assets, end of year</i>	<u>\$ 2,252,123</u>	<u>\$ 182,532</u>	<u>\$ 126,801</u>	<u>\$ 2,561,456</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 516,449	\$ 327,418	\$ 374,768	\$ 1,218,635
Cash payments to employees for services	(194,528)	(125,283)	(194,962)	(514,773)
Cash payments to suppliers for goods and services	(235,532)	(165,524)	(146,352)	(547,408)
<i>Net cash used for operating activities</i>	<u>86,389</u>	<u>36,611</u>	<u>33,454</u>	<u>156,454</u>
<i>Cash flows from noncapital financing activities:</i>				
Change in long tem accrued compensated absences	(2,468)	(3,396)	3,696	(2,168)
Principal payments on notes payable	-	-	-	-
Interest paid	-	-	-	-
Transfers to other funds	-	-	-	-
<i>Net cash provided from noncapital financing activities:</i>	<u>(2,468)</u>	<u>(3,396)</u>	<u>3,696</u>	<u>(2,168)</u>
<i>Cash flows from investing activities:</i>				
Adjustment to Capital Assets	8,176	1,740	(13,291)	(3,375)
Interest on investments	-	18,057	-	18,057
<i>Net cash provided from investing activities:</i>	<u>8,176</u>	<u>19,797</u>	<u>(13,291)</u>	<u>14,682</u>
<i>Net increase in cash and cash equivalents</i>	92,097	53,012	23,859	168,968
<i>Cash and cash equivalents - beginning of year</i>	<u>242</u>	<u>55,276</u>	<u>16,522</u>	<u>72,040</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 92,339</u>	<u>\$ 108,288</u>	<u>\$ 40,381</u>	<u>\$ 241,008</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>				
<i>by operating activities</i>				
Operating income (loss)	\$ (252,714)	\$ (22,914)	\$ (26,365)	(301,993)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities				
Depreciation	251,158	52,588	51,669	355,415
Changes in assets and liabilities				
Receivables	(868)	(3,696)	(5,365)	(9,929)
Due to other funds	90,295	12,409	20,245	122,949
Accrued expenses	1,007	(1,801)	(5,228)	(6,022)
Accounts payable	(2,489)	25	(1,502)	(3,966)
<i>Net cash (used) by operating activities</i>	<u>\$ 86,389</u>	<u>\$ 36,611</u>	<u>\$ 33,454</u>	<u>\$ 156,454</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-AGENCY FUNDS
June 30, 2010

	<u>Agency Funds</u>
<i>Assets</i>	
Cash	<u>\$ 793</u>
<i>Total assets</i>	<u><u> 793</u></u>
<i>Liabilities</i>	
Deposits held in trust for others	<u>\$ 793</u>
<i>Total liabilities</i>	<u><u> 793</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 1. Summary of Significant Accounting Policies

The Town of Red River (Town) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Town of Red River is a body politic and corporate under the name and form of government selected by its qualified electors. The Town may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Town is presented to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 1.

Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 1.

Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are used to account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Town except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Lodger's Tax Fund, Streets Tax Fund and Grants fund. No other funds were required to be presented as major at the discretion of management.

General Fund – the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

Major Special Revenue Funds:

Local Government Corrections Fund - To account for the operation and maintenance of the Town's jail. Financing is provided by the assessment of correction fees which may be used only for prisoner care. Authorized by NMSA 1978 35-14-44.

Lodgers Tax Fund – to account for the operations of a special fund to promote tourist operations in the Town. Financing is provided by a special lodger's tax charged on all transient lodging in the Town. One half of the tax collected must be used to promote the Town. Funding authority is NMSA 1978 Section 3-38-15.

Advanced Life Support System Fund– To account for State grant funds to be used to provide an advanced life support system for the Town's Fire and EMS departments. Authorized by Emergency Medical Services Fund Section 24-10A-1, NMSA 1978.

Transportation Grant Fund– To account for a grant to administer and operate a Federal Transportation Administration 5311 Program Rural Transportation System.

Grants Fund – to account for various grant collections and expenditures. Authorization varies with grant award.

The government reports its proprietary funds as a major business-type fund.

Major Enterprise Funds:

The Sewer /AWWT Fund – to account for the provision of sewer services to the residents of the Town.

The Solid Waste Utility Fund – to account for the provision of solid waste services to the residents of the Town.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 1.

Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Water Utility Fund* – to account for the provision of water services to the residents of the Town.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Town's fiduciary funds are used to account for the collection and payment of motor vehicle fees to other governmental agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues reduce the cost of the function to be financed from the Town's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's various utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 1.

Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Taos County bills, collects, and remits the Town of Red River's share of property taxes.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	30
Infrastructure	50
Vehicles	5
Office Equipment	5
Computer Equipment	5

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate compensated absences earned. Employees may not accumulate annual leave and lose any unused vacation pay from calendar year to calendar year. Upon termination, employees will be paid for all days of current year accrued annual leave not yet taken.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 1.

Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

The Town permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the Town. Accumulated sick leave benefits vest with each employee in accordance with the Town's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of services by employees.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Asset or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements fund equity is classified as net assets and is displayed in three components:

Invested in capital assets, net of related debt:

Consists of net assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted:

Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted:

All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Revenues: The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 2. Stewardship, Compliance, and Accountability
Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Town Councilors and the Department of Finance and Administration. The legal level of budgetary control is at the fund level. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The Town is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The Town Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2010 is presented.

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

Note 3. Deposits and Investments

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2010.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

Note 3. Deposits and Investments (continued)

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Town's deposits.

Type	Peoples Bank <u>Checking</u>	Peoples Bank <u>CD</u>	Centinel Bank <u>Checking</u>
Operating	964,641	80,903	4,361
Total Deposits	964,641	80,903	4,361
Less: FDIC Coverage	<u>(964,641)</u>	<u>(80,903)</u>	<u>(4,361)</u>
Total uninsured public funds	-	-	-
50 % Collateral requirement	-	-	-
Pledged Securities	-	-	-
(Over)Under collateralized	<u>-</u>	<u>-</u>	<u>-</u>
Custodial Credit Risk-Deposits Account Balance	\$ 1,049,905		
FDIC Insured	1,049,905		
Collateral:			
Collateral held by the pledging bank, not in the Town's name	-		
Uninsured and uncollateralized	<u>-</u>		
Total Deposits	<u>\$ 1,049,905</u>		

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The governmental does not have a deposit policy for custodial credit risk. As of June 30, 2010, none of the Town's bank balance of \$1,049,905 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not it the Town's name	-
Total	<u>\$ -</u>

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

Note 3. Deposits and Investments (continued)

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2010 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$ 819,972
Cash and cash equivalents per Exhibit D-1	241,008
Cash and cash equivalents per Exhibit E-1	793
Less amount on deposit with State Treasurer	<u>(11,868)</u>
	<u>\$ 1,049,905</u>

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that in the event of counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town's investments are in certificates of deposits and investment in the State Treasurer's Local Government Investment Pool (LPIG). The LPIG is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in *custodial risk – cash*.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The Town does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Town's investments at June 30, 2010 include the following:

State Treasurer LGIP	AAAm	50-day WAM	<u>\$ 11,868</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2010.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2010.

The Town utilizes pooled accounts for their funds. The General, special Revenue, capital Projects, Proprietary, and agency Funds are all in multiple accounts.

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 4. Receivables

Receivables as of June 30, 2010, are as follows:

	General Fund	Lodgers' Tax Fund	Other Governmental Funds	Total
Property taxes	\$ 18,697	\$ -	\$ -	\$ 18,697
Charges for service	-	-	-	-
Due from other governments:				
Other	25,302	-	22,400	47,702
Ambulance charges	-	-	7,484	7,484
Lodgers' Taxes	-	45,318	-	45,318
	<u>\$ 43,999</u>	<u>\$ 45,318</u>	<u>\$ 29,884</u>	<u>\$ 119,201</u>

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
Accounts Receivable	\$ 38,713	\$ 29,070	\$ 33,323	\$ 101,106

The above governmental receivables are deemed 100% collectible. The utility accounts receivable are net of an estimated allowance for uncollectible accounts of \$18,745.

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2010, are as follows:

Payable to suppliers	\$ 122,996
Payables to employees	<u>54,529</u>
Total accounts payable and accrued expenses	<u><u>\$ 177,525</u></u>

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 6. Interfund Receivables, Payables, and Transfers

“Due to” and “Due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2010 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 289,229	\$ -
Grants Fund	-	148,950
Lodgers' Tax Fund	9,785	-
Non-major Funds:		
Transportation Grant Fund	-	53,157
Infrastructure Fund	315	-
911 Grant Fund	-	199
Economic Development Fund	1,047	-
Advanced Life Support Fund	-	109,435
Sewer/AWWT Fund	10,713	-
Solid Waste Fund	13,003	-
Water Fund	-	12,351
Total	<u>\$ 324,092</u>	<u>\$ 324,092</u>

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 8. Long-term Debt

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities	Balance			Balance	
	6/30/2009	Additions	Retirements	6/30/2010	Due Within One Year
Economic Development Loan	\$ 106,396	\$ -	\$ 25,760	\$ 80,636	\$ 26,311
Sales Tax Revenue Bond	410,000	-	40,000	370,000	45,000
NMFA Loan Wastewater	55,411	-	17,778	37,633	18,459
Hewlett Packard	9,305	-	5,329	3,976	3,976
John Deere Front End Loader	107,792	-	9,569	98,223	10,084
Police Unit # 4	13,802	-	6,771	7,031	7,031
Police Unit #3	6,993	-	6,993	-	-
Ambulance	34,481	-	11,154	23,327	11,558
John Deere Wheel Loader Backhoe	63,425	-	6,729	56,696	7,126
Police Vehicle (expedition)	-	18,924	-	18,924	9,382
Aerial Platform Truck	-	238,720	-	238,720	13,558
Fire Station Loan	-	197,686	-	197,686	-
Accrued Compensated Absences	71,949	46,787	63,176	55,560	11,051
Total	\$ 879,554	\$ 502,117	\$ 193,259	\$ 1,188,412	\$ 163,536

The annual requirements to amortize the loan payable to NMFA as of June 30, 2010, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 152,484	\$ 44,205	\$ 196,689
2012	227,965	45,951	273,916
2013	105,589	29,352	134,941
2014	109,496	25,718	135,214
2015	75,804	22,176	97,980
2016-2020	461,513	129,897	591,410
Total	\$ 1,132,851	\$ 297,300	\$ 1,430,151

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

Business-type Activities:

Description	Balance			Current	
	6/30/2009	Additions	Retirements	6/30/2010	Maturities
Sewer Revenue Bond	\$ -	\$ -	\$ -	\$ -	\$ -
1998 Mack Roll Off Truck	16,739	-	11,372	5,367	5,367
Accrued Compensated Absences	25,176	16,353	25,362	16,167	7,048
Total Long Term Debt	\$ 41,915	\$ 16,353	\$ 36,734	\$ 21,534	\$ 12,415

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the above long-term debt as of June 30, 2010, including interest payments are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ended</u> 2011	<u>\$ 5,367</u>	<u>\$ 228</u>	<u>\$ 5,595</u>
Total	<u>\$ 5,367</u>	<u>\$ 228</u>	<u>\$ 5,595</u>

NOTE 9. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Town of Red River participates in the New Mexico Self-Insurer's Fund risk pool. The Town pays an annual premium to the pool based on claim experience and the status of the pool. The Town is not liable for more than the premium paid.

The Town has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Town which exceeds the insurance coverage, the Town would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2010, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Town of Red River.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A.	Deficit fund balance of individual funds.	
	Grants Fund	\$ (185,055)
	Transportation Grant Fund	\$ (55,735)
	Advanced Life Support	\$ (119,205)

Fund deficits will be funded by general fund transfers or by grant revenues.

B. Excess of expenditures over appropriations by fund.

Sewer AWWT Fund	\$(11,312)
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STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 11. PERA Pension Plans

Plan Description. Substantially all of the Town of Red River's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, public available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123

Funding Policy. Plan members, who are covered under "Municipal general member coverage plan 1" (Chapter 10, Article 11.45 through 11.49 NMSA 1978) are required to contribute 7% of their defined gross salary to the plan. Under municipal general member coverage plan 1, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the years ended June 30, 2010, 2009, and 2008 were \$ 107,321, 98,810, and \$85,286 equal to the amount of the required contributions for the years, respectively.

NOTE 12. Post-Employment Benefits

The Town of Red River has elected not to obtain Retiree Health Care Act coverage.

NOTE 13. Contingent Liabilities

The Town is party to various claims and lawsuits arising in the normal course of business. Management and the Town's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Town which are not covered by the Town's insurance as described in Note 9.

NOTE 14. Federal and State Grants

In the normal course of operations, the Town receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 15. Joint Powers Agreements

Creation of "The Enchanted Circle Regional Fire Protection Association"

Purpose

The agreement is for the sole purpose of establishing, implementing, and maintaining a regional fire protection association. This program will provide cooperative fire suppression, firefighter training programs, and cost efficient purchasing of firefighting equipment and supplies for all parties involved.

Participants

The Town of Red River, The Town of Red River, The Town of Angel Fire, The Town of Eagle Nest, The Town of Red River, The Town of Questa, The County of Red River, and The County of Colfax

Responsible Party for Operation and Audit

The Town of Red River

Beginning and Ending Date of Agreement

Started March 23, 2007 and is renewed annually with changes made no later than September 30

Total Estimated Amount of Project and Actual Amount Contributed

None

STATE OF NEW MEXICO

TOWN OF RED RIVER

June 30, 2010

NOTE 15. Joint Powers Agreements (continued)

Operation of the Solid Waste Landfill

Purpose

To operate the Taos Regional Landfill

Participants

Taos, Questa, Eagle Nest, Taos Ski Valley, Taos County and the Town of Red River

Responsible Party for Operation and Audit

Taos

Beginning and Ending Date of Agreement

Started July 22, 2008 for a period of 50 years

Total Estimated Amount of Project and Actual Amount Contributed

Unknown

Wildland Suppression

Purpose

To document EMNRD and the Town of Red River's commitment to wildland fire suppression by using interagency cooperation, management assistance, and cooperation with the use of federal excess property.

Participants

EMNRD and the Town of Red River

Responsible Party for Operation and Audit

The Energy, Minerals and Natural Resources Department

Beginning and Ending Date of Agreement

Started September 22, 2006 and is continuous unless terminated by either party due to insufficient appropriation or suspended performance pending approval from the New Mexico State Legislature.

Total Estimated Amount of Project and Actual Amount Contributed

Rates run between 1%-5%

E911 Land Line Services

Purpose

The Town of Red River and Town of Angel Fire to provide funding for enhanced 911 landline service and wireless Phase I and Phase II Services.

Participants

Town of Red River and Town of Angel Fire

Responsible Party for Operation and Audit

Town of Angel Fire

Beginning and Ending Date of Agreement

02-20-07 to 30 days upon written notification by either party

Total Estimated Amount of Project and Actual Amount Contributed

None

STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NOTE 15. Joint Powers Agreements (continued)

Traffic Safety Bureau Grant

Purpose

All are concerned with the safety, health, and welfare to the rest of our community and desire to reduce DWI in their communities and Taos County overall.

Participants

Town of Red River, Questa, Taos and Taos County

Responsible Party for Operation and Audit

Taos County

Beginning and Ending Date of Agreement

5-25-2010 to 30 days upon written notification by either party

Total Estimated Amount of Project and Actual Amount Contributed

\$8,757.00

NOTE 16. Subsequent Accounting Standard Pronouncements

In April 2009, the Governmental Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 30, 2010. Early implementation is encouraged. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements of the upcoming year.

NOTE 17. Restatement of Net Assets

Net assets are being restated as a result of building construction costs being charged to a non-capital outlay account and not being capitalized as construction in progress in the prior year.

Beginning Net Assets	\$ 5,839,958
Restatement	<u>2,059,720</u>
Net Assets (restated)	\$ <u>7,899,678</u>

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Town with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Environmental Gross Receipts Tax Fund (202)- To account for the collection and expenditure of one-sixteenth of one percent gross receipts tax dedicated for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, waste water facilities or sewer systems. Authorized by NMSA Chapter 7, Article 20E.

Emergency Medical Services Fund (206) – To account for the acquisition of emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authorized by NMSA 24-10A & NMS 6-11-6.

911 Grant fund (207) – To account for monies received from the State of New Mexico under Section 63-9D-1 NMSA 1978 as amended for the enhancement of the 911 Telephone Emergency System.

Fire Protection Fund (209) – To account for the grant funds used for maintenance and development of the Town’s fire department. Financing is provided by a grant from the State of New Mexico. Such revenue provided for purchase and repairs of equipment as well as classes to upgrade the training of fire personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

Law Enforcement Protection Fund (211) – To account for the grant funds used for maintenance and development of the Town’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provided for purchase and repairs of equipment as well as classes to upgrade the training of police personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

State Library Grant Fund (213) – To account for the operations of a Library Grant from the New Mexico State Library for additions to the Town Library. Authorized by Section 18-2-4B NMSA 1978.

State Gasoline Tax Fund (216) – To account for special gasoline tax distribution to be used for maintenance and improvement of the streets and highways. Funding is from State gasoline tax. Authorized by NMSA 1978 7-1-6.9 to 7-13-18.

Recreation Fund (217) – To account for the operations and maintenance of the recreation facilities. Financing is provided by a portion of the Town’s share of the State cigarette tax and the fees charged for admission to the swimming pool. The authority is Section 7-12-15, NMSA 1978.

Ambulance Transfer Fund (290) – To account for Ambulance fees collected and transferred between the Village of Red River and Taos County.

Enchanted Circle EMS Fund (295) – To account for State grant funds and other revenue to be used to provided emergency medical services.

Economic Development Grant Fund (298) - To account for monies received from the State of New Mexico for the purpose of advertising and promoting the tourism industry of Red River and the enhancement of economic development.

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STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

The Town has four separate funds classified as non-major Capital Projects Funds as follows:

Sewer/AWWT Replacement Fund (304) – To account for funds collected in prior years to fund the replacement of part of the waste water treatment plant

Water Line Replacement Fund (306) – To account for financing, construction and maintenance of water lines within the Town limits. Funding is from a ¼ cent sales tax imposed by legislation for such projects.

Park Replacement Fund (310) – To account for the financing, construction and maintenance of land and parks within the Town limits. Funding is from a ¼ cent sales tax imposed by legislation for such projects.

Infrastructure Replacement Fund (311) – To account for the financing, construction and maintenance of streets within the Town limits. Funding is from a 1/8 cent sales tax imposed by legislation for such projects.

Streets Tax Fund – to account for the collection of a quarter cent sales tax imposed by the Town Council to fund the construction and maintenance of streets within the Town limits.

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STATE OF NEW MEXICO
TOWN OF RED RIVER
June 30, 2010

PROPRIETARY FUNDS

Sewer/AWWT Utility Fund (503) – To account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, billing and maintenance.

Solid Waste Fund (504) – To account for the provision of solid waste services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

Water Utility Fund (505) – To account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

Schedule A-1

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	911 Grant Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 11,354	\$ -	\$ 673
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ 11,354</u>	<u>\$ -</u>	<u>\$ 673</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	181	-	-
Accrued compensated absences	33	-	-
Deferred revenue	-	-	-
Due to other funds	-	-	199
<i>Total liabilities</i>	<u>214</u>	<u>-</u>	<u>199</u>
<i>Fund balances</i>			
Reserved for inventory	-	-	-
Unreserved			
Designated for Capital projects funds	-	-	-
Designated for Debt service funds	-	-	-
Designated for Special revenue funds	11,140	-	474
<i>Total fund balances</i>	<u>11,140</u>	<u>-</u>	<u>474</u>
<i>Total liabilities and fund balances</i>	<u>\$ 11,354</u>	<u>\$ -</u>	<u>\$ 673</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2010

Schedule A-1

Special Revenue			
Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ -	\$ -	\$ -	\$ 11,843
-	-	-	-
-	-	-	-
-	22,400	-	-
-	-	-	-
-	-	-	-
\$ -	\$ 22,400	\$ -	\$ 11,843
\$ 11,701	\$ 76	\$ -	\$ 9,631
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
11,701	76	-	9,631
-	-	-	-
-	-	-	-
-	-	-	-
(11,701)	22,324	-	2,212
(11,701)	22,324	-	2,212
\$ -	\$ 22,400	\$ -	\$ 11,843

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

Schedule A-1

	Special Revenue		
	Recreation Fund	Ambulance Transfer Fund	Enchanted Circle- EMS Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 2,908	\$ 26,303	\$ 21,207
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	7,444	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
<i>Total assets</i>	\$ 2,908	\$ 33,747	\$ 21,207
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 1,791	\$ -
Accrued salaries and benefits	-	2,613	-
Accrued compensated absences	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	-	4,404	-
<i>Fund balances</i>			
Reserved for inventory	-	-	-
Unreserved			
Designated for Capital projects funds	-	-	-
Designated for Debt service funds	-	-	-
Designated for Special revenue funds	2,908	29,343	21,207
<i>Total fund balances</i>	2,908	29,343	21,207
<i>Total liabilities and fund balances</i>	\$ 2,908	\$ 33,747	\$ 21,207

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

Schedule A-1

Capital Projects		
Economic Development Grant Fund	Sewer/AWWT Replacement Fund	Water Line Replacement Fund
\$ 13,914	\$ 98,541	\$ 64,591
-	303	155
-	-	-
-	-	-
-	-	-
1,047	-	-
\$ 14,961	\$ 98,844	\$ 64,746
\$ 4,693	\$ -	\$ 3,940
2,190	-	351
162	-	214
-	-	-
-	-	-
7,045	-	4,505
-	-	-
-	98,844	60,241
-	-	-
7,916	-	-
7,916	98,844	60,241
\$ 14,961	\$ 98,844	\$ 64,746

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

Schedule A-1

	Capital Projects		
	Park Replacement fund	Infrastructure Replacement Fund	Streets Tax Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 104,857	\$ 60,604	\$ 19,039
Investments	-	96	80,903
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	-	-	40
Inventory	4,165	1,868	-
Due from other funds	-	315	-
<i>Total assets</i>	\$ 109,022	\$ 62,883	\$ 99,982
<i>Liabilities</i>			
Accounts payable	\$ 5,381	\$ -	\$ 3,725
Accrued salaries and benefits	735	498	183
Accrued compensated absences	-	244	70
Deferred revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	6,116	742	3,978
<i>Fund balances</i>			
Reserved for inventory	4,165	1,868	-
Unreserved			
Designated for Capital projects funds	98,741	60,273	96,004
Designated for Debt service funds	-	-	-
Designated for Special revenue funds	-	-	-
<i>Total fund balances</i>	102,906	62,141	96,004
<i>Total liabilities and fund balances</i>	\$ 109,022	\$ 62,883	\$ 99,982

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2010

Schedule A-1

Debt Service	Total Nonmajor Governmental Funds
\$ 98,646	\$ 534,480
-	81,457
-	-
-	7,444
-	22,440
-	6,033
-	1,362
\$ 98,646	\$ 653,216
-	-
-	40,938
-	6,751
-	723
-	-
-	199
-	48,611
-	6,033
-	414,103
98,646	98,646
-	85,823
98,646	604,605
\$ 98,646	\$ 653,216

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
FINANCIAL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2010

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	911 Grant Fund
<i>Revenues:</i>			
Taxes	\$ 25,439	\$ -	\$ -
Intergovernmental Income	-	9,675	1,708
Charges for Services	-	-	-
Licenses and Fees	-	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>25,439</u>	<u>9,675</u>	<u>1,708</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	1,518
Public Works	31,236	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	9,675	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>31,236</u>	<u>9,675</u>	<u>1,518</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,797)</u>	<u>-</u>	<u>190</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(5,797)	-	190
<i>Fund balances - beginning of year</i>	<u>16,937</u>	<u>-</u>	<u>284</u>
<i>Fund balances - end of year</i>	<u>\$ 11,140</u>	<u>\$ -</u>	<u>\$ 474</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			
Fire Protection Fund	Law Enforcement Protection Fund	State Library Grant Fund	State Gasoline Tax Fund
\$ -	\$ -	\$ -	\$ 10,994
255,228	61,266	8,590	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>255,228</u>	<u>61,266</u>	<u>8,590</u>	<u>10,994</u>
-	-	-	-
266,929	38,942	-	-
-	-	-	17,364
-	-	8,590	-
-	-	-	-
-	-	-	-
<u>266,929</u>	<u>38,942</u>	<u>8,590</u>	<u>17,364</u>
-	-	-	-
(11,701)	22,324	-	(6,370)
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
(11,701)	22,324	-	(6,370)
-	-	-	8,582
<u>\$ (11,701)</u>	<u>\$ 22,324</u>	<u>\$ -</u>	<u>\$ 2,212</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2010

	Special Revenue		
	Recreation Fund	Ambulance Transfer Fund	Enchanted Circle- EMS fund
<i>Revenues:</i>			
Taxes	\$ 583	\$ -	\$ -
Intergovernmental Income	-	-	-
Charges for Services	-	189,700	-
Licenses and Fees	-	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	11,397	18,445
<i>Total revenues</i>	<u>583</u>	<u>201,097</u>	<u>18,445</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	10,709
Public Works	-	-	-
Culture and Recreation	(1,517)	-	-
Health and Welfare	-	188,195	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>(1,517)</u>	<u>188,195</u>	<u>10,709</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,100</u>	<u>12,902</u>	<u>7,736</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	2,100	12,902	7,736
<i>Fund balances - beginning of year</i>	<u>808</u>	<u>16,441</u>	<u>13,471</u>
<i>Fund balances - end of year</i>	<u>\$ 2,908</u>	<u>\$ 29,343</u>	<u>\$ 21,207</u>

The accompanying notes are an integral part of these financial statements

Special Revenue	Capital Projects	
Economic Development Grant Fund	Sewer/AWWT Replacement Fund	Water Line Replacement Fund
\$ -	\$ -	\$ 103,063
-	-	-
111,842	-	-
-	-	-
-	-	-
-	-	-
<u>111,842</u>	<u>-</u>	<u>103,063</u>
-	-	-
-	-	-
-	-	89,605
253,578	-	-
-	-	-
-	-	-
-	-	-
<u>253,578</u>	<u>-</u>	<u>89,605</u>
(141,736)	-	13,458
-	-	-
148,000	-	-
-	-	-
<u>148,000</u>	<u>-</u>	<u>-</u>
6,264	-	13,458
1,652	98,844	46,783
<u>\$ 7,916</u>	<u>\$ 98,844</u>	<u>\$ 60,241</u>

The accompanying notes are an integral part of these financial statements

Capital Projects		
Park Replacement Fund	Infrastructure Replacement Fund	Streets Tax Fund
\$ 103,034	\$ 152,580	\$ 103,033
-	-	-
-	-	-
-	-	-
-	-	801
125	120	-
<u>103,159</u>	<u>152,700</u>	<u>103,834</u>
-	-	-
-	-	-
-	141,830	99,691
73,719	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>73,719</u>	<u>141,830</u>	<u>99,691</u>
<u>29,440</u>	<u>10,870</u>	<u>4,143</u>
-	-	-
-	-	-
-	-	-
-	-	-
29,440	10,870	4,143
<u>73,466</u>	<u>51,271</u>	<u>91,861</u>
<u>\$ 102,906</u>	<u>\$ 62,141</u>	<u>\$ 96,004</u>

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 498,726
-	336,467
-	301,542
-	-
-	801
<u>72,000</u>	<u>102,087</u>
<u>72,000</u>	<u>1,239,623</u>
-	-
-	318,098
-	379,726
-	334,370
-	197,870
-	-
40,000	40,000
<u>22,415</u>	<u>22,415</u>
<u>62,415</u>	<u>1,292,479</u>
<u>9,585</u>	<u>(52,856)</u>
-	-
-	148,000
-	-
<u>-</u>	<u>148,000</u>
9,585	95,144
<u>89,061</u>	<u>509,461</u>
<u>\$ 98,646</u>	<u>\$ 604,605</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
ENVIRONMENTAL GROSS RECEIPTS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 25,000	\$ 25,000	\$ 25,439	\$ 439
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	25,000	25,000	25,439	439
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	44,103	71,551	34,341	37,210
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	44,103	71,551	34,341	37,210
<i>Excess (deficiency) of revenues over expenditures</i>	(19,103)	(46,551)	(8,902)	37,649
<i>Other financing sources (uses)</i>				
Designated Cash	19,103	46,551	-	(46,551)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	19,103	46,551	-	(46,551)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(8,902)	(8,902)
<i>Cash Balance - Beginning of Year</i>	-	-	20,256	20,256
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 11,354	\$ 11,354
Net change in cash (Non-GAAP Budgetary basis)			\$ (8,902)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			3,105	
Net change in cash (GAAP basis)			\$ (5,797)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	9,674	9,674	9,674	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	9,674	9,674	9,674	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	9,674	9,674	9,674	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	9,674	9,674	9,674	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	-
Adjustment to revenue for accruals and other deferrals			-	-
Adjustment to expenditures for payables, prepaids and other accruals			-	-
Net change in cash (GAAP basis)			\$ -	-

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
911 GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	2,500	2,500	1,708	(792)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	2,500	2,500	1,708	(792)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	2,500	2,500	1,509	991
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	2,500	2,500	1,509	991
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	199	199
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	199	199
<i>Cash Balance - Beginning of Year</i>	-	-	673	673
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 872	\$ 872
Net change in cash (Non-GAAP Budgetary basis)			\$ 199	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(9)	
Net change in cash (GAAP basis)			\$ 190	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	256,526	256,526	255,228	(1,298)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	256,526	256,526	255,228	(1,298)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	256,526	256,526	255,228	1,298
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	256,526	256,526	255,228	1,298
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>				
	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			11,701	
Net change in cash (GAAP basis)			\$ 11,701	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	38,866	39,145	38,866	(279)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	38,866	39,145	38,866	(279)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	38,866	39,145	38,866	279
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	38,866	39,145	38,866	279
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>				
	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			22,400	
Adjustment to expenditures for payables, prepaids and other accruals			(76)	
Net change in cash (GAAP basis)			\$ 22,324	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATE LIBRARY GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	10,836	10,836	8,590	(2,246)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,000	1,000	-	(1,000)
<i>Total revenues</i>	11,836	11,836	8,590	(3,246)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	11,836	11,836	8,590	3,246
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	11,836	11,836	8,590	3,246
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in cash (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STATE GASOLINE TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 13,500	\$ 13,500	\$ 10,994	\$ (2,506)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	13,500	13,500	10,994	(2,506)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	17,500	17,500	7,733	9,767
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	17,500	17,500	7,733	9,767
<i>Excess (deficiency) of revenues over expenditures</i>	(4,000)	(4,000)	3,261	7,261
<i>Other financing sources (uses)</i>				
Designated Cash	4,000	4,000	-	(4,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	4,000	4,000	-	(4,000)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	3,261	3,261
<i>Cash Balance - Beginning of Year</i>	-	-	8,582	8,582
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 11,843	\$ 11,843
Net change in cash (Non-GAAP Budgetary basis)			\$ 3,261	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(9,631)	
Net change in cash (GAAP basis)			\$ (6,370)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 500	\$ 500	\$ 583	\$ 83
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	500	500	583	83
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	1,000	1,000	163	837
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,000	1,000	163	837
<i>Excess (deficiency) of revenues over expenditures</i>	(500)	(500)	420	920
<i>Other financing sources (uses)</i>				
Designated Cash	500	500	-	(500)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	500	500	-	(500)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	420	420
<i>Cash Balance - Beginning of Year</i>	-	-	2,488	2,488
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 2,908	\$ 2,908
Net change in cash (Non-GAAP Budgetary basis)			\$ 420	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			1,680	
Net change in cash (GAAP basis)			\$ 2,100	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
AMBULANCE TRANSFER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	192,140	192,140	195,036	2,896
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	11,397	11,397
<i>Total revenues</i>	192,140	192,140	206,433	14,293
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	196,495	206,768	185,664	21,104
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	196,495	206,768	185,664	21,104
<i>Excess (deficiency) of revenues over expenditures</i>	(4,355)	(14,628)	20,769	35,397
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(3)	(110)	-	110
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(4,358)	(14,738)	20,769	35,507
<i>Cash Balance - Beginning of Year</i>	-	-	5,534	5,534
<i>Cash Balance - End of Year</i>	\$ (4,358)	\$ (14,738)	\$ 26,303	\$ 41,041
Net change in cash (Non-GAAP Budgetary basis)			\$ 20,769	
Adjustment to revenue for accruals and other deferrals			(5,336)	
Adjustment to expenditures for payables, prepaids and other accruals			(2,531)	
Net change in cash (GAAP basis)			\$ 12,902	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ENCHANTED CIRCLE-EMS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	5,300	5,300	-	(5,300)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	8,000	8,000	18,445	10,445
<i>Total revenues</i>	<u>13,300</u>	<u>13,300</u>	<u>18,445</u>	<u>5,145</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	20,700	20,700	10,709	9,991
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,700</u>	<u>20,700</u>	<u>10,709</u>	<u>9,991</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,400)</u>	<u>(7,400)</u>	<u>7,736</u>	<u>15,136</u>
<i>Other financing sources (uses)</i>				
Designated Cash	7,400	7,400	-	(7,400)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,400</u>	<u>7,400</u>	<u>-</u>	<u>(7,400)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	7,736	7,736
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>13,471</u>	<u>13,471</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,207</u>	<u>\$ 21,207</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 7,736	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in cash (GAAP basis)			<u>\$ 7,736</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
ECONOMIC DEVELOPMENT GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	99,850	108,166	111,842	3,676
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	99,850	108,166	111,842	3,676
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	248,348	256,667	256,667	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	248,348	256,667	256,667	-
<i>Excess (deficiency) of revenues over expenditures</i>	(148,498)	(148,501)	(144,825)	3,676
<i>Other financing sources (uses)</i>				
Designated Cash	148,498	148,501	-	(148,501)
Transfers In	148,000	148,000	148,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	296,498	296,501	148,000	(148,501)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	148,000	148,000	3,175	(144,825)
<i>Cash Balance - Beginning of Year</i>	-	-	11,786	11,786
<i>Cash Balance - End of Year</i>	\$ 148,000	\$ 148,000	\$ 14,961	\$ (133,039)
Net change in cash (Non-GAAP Budgetary basis)			\$ 3,175	
Adjustment to revenue for accruals and other deferrals			524	
Adjustment to expenditures for payables, prepaids and other accruals			2,565	
Net change in cash (GAAP basis)			\$ 6,264	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
SEWER/AWWT REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	98,844	98,844
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 98,844	\$ 98,844
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in cash (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
WATER LINE REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 90,000	\$ 90,000	\$ 103,063	\$ 13,063
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	90,000	90,000	103,063	13,063
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	92,371	92,371	85,944	6,427
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	92,371	92,371	85,944	6,427
<i>Excess (deficiency) of revenues over expenditures</i>	(2,371)	(2,371)	17,119	19,490
<i>Other financing sources (uses)</i>				
Designated Cash	2,371	2,371	-	(2,371)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	2,371	2,371	-	(2,371)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	17,119	17,119
<i>Cash Balance - Beginning of Year</i>	-	-	47,627	47,627
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 64,746	\$ 64,746
Net change in cash (Non-GAAP Budgetary basis)			\$ 17,119	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(3,661)	
Net change in cash (GAAP basis)			\$ 13,458	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
PARKS REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 90,000	\$ 90,000	\$ 103,034	\$ 13,034
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,000	1,000	125	(875)
<i>Total revenues</i>	<u>91,000</u>	<u>91,000</u>	<u>103,159</u>	<u>12,159</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	131,728	131,728	68,751	62,977
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>131,728</u>	<u>131,728</u>	<u>68,751</u>	<u>62,977</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(40,728)</u>	<u>(40,728)</u>	<u>34,408</u>	<u>75,136</u>
<i>Other financing sources (uses)</i>				
Designated Cash	40,728	40,728	-	(40,728)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,728</u>	<u>40,728</u>	<u>-</u>	<u>(40,728)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	34,408	34,408
<i>Cash Balance - Beginning of Year</i>	-	-	70,449	70,449
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,857</u>	<u>\$ 104,857</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 34,408	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(4,968)	
Net change in cash (GAAP basis)			<u>\$ 29,440</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
INFRASTRUCTURE REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 134,500	\$ 134,500	152,580	\$ 18,080
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	1,050	1,050	120	(930)
<i>Total revenues</i>	135,550	135,550	152,700	17,150
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	137,148	142,328	142,328	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	137,148	142,328	142,328	-
<i>Excess (deficiency) of revenues over expenditures</i>	(1,598)	(6,778)	10,372	17,150
<i>Other financing sources (uses)</i>				
Designated Cash	1,598	6,778	-	(6,778)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	1,598	6,778	-	(6,778)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	10,372	10,372
<i>Cash Balance - Beginning of Year</i>	-	-	50,643	50,643
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 61,015	\$ 61,015
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 10,372	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			498	
Net change in fund balance (GAAP Basis)			\$ 10,870	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
STREETS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Favorable (Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ 89,000	\$ 89,000	103,033	\$ 7,275
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	801	801
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>89,000</u>	<u>89,000</u>	<u>103,834</u>	<u>8,076</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	89,987	97,948	97,947	1
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>89,987</u>	<u>97,948</u>	<u>97,947</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(987)</u>	<u>(8,948)</u>	<u>5,887</u>	<u>8,075</u>
<i>Other financing sources (uses)</i>				
Designated Cash	987	(39,942)	-	47,713
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>987</u>	<u>(47,713)</u>	<u>-</u>	<u>47,713</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(56,661)	5,887	55,788
<i>Cash Balance - Beginning of Year</i>	-	-	94,055	88,522
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,942</u>	<u>\$ 94,055</u>
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 5,887	
Adjustment to revenue for accruals and other deferrals			40	
Adjustment to expenditures for payables, prepaids and other accruals			(1,784)	
Net change in fund balance (GAAP Basis)			<u>\$ 4,143</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF RED RIVER
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	72,000	72,000	72,000	-
<i>Total revenues</i>	72,000	72,000	72,000	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	40,000	(40,000)
Interest	72,000	72,000	22,415	49,585
<i>Total expenditures</i>	72,000	72,000	62,415	9,585
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	9,585	9,585
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	9,585	9,585
<i>Cash Balance - Beginning of Year</i>	-	-	89,061	89,061
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 98,646	\$ 98,646
Net change in cash balance (Non-GAAP Budgetary basis)			\$ 9,585	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 9,585	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SEWER (AWWT) PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	421,735	404,244	423,552	19,308
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	421,735	404,244	423,552	19,308
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	172,431	165,274	175,460	(10,186)
Travel	4,500	5,750	4,072	1,678
Gross Receipts Tax	16,000	16,000	21,589	(5,589)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	5,200	5,000	10,605	(5,605)
Salaries	233,662	198,627	196,996	1,631
Supplies	39,000	30,500	23,741	6,759
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	470,793	421,151	432,463	(11,312)
<i>Excess (deficiency) of revenues over expenditures</i>	(49,058)	(16,907)	(8,911)	7,996
<i>Other financing sources (uses)</i>				
Designated Cash	49,058	16,907	-	(16,907)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	49,058	16,907	-	(16,907)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(8,911)	(8,911)
<i>Cash Balance - Beginning of Year</i>	-	-	101,250	101,250
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 92,339	\$ 92,339

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF RED RIVER
SOLID WASTE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	303,700	303,700	313,405	9,705
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	18,057	18,057
Miscellaneous	-	-	-	-
<i>Total revenues</i>	303,700	303,700	331,462	27,762
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	178,756	178,756	139,332	39,424
Travel	17,000	17,000	16,093	907
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	4,600	4,600	4,108	492
Contract Services	-	-	-	-
Salaries	149,497	149,497	128,679	20,818
Supplies	3,500	3,500	2,647	853
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	353,353	353,353	290,859	62,494
<i>Excess (deficiency) of revenues over expenditures</i>	(49,653)	(49,653)	40,603	90,256
<i>Other financing sources (uses)</i>				
Designated Cash	49,653	49,653	-	(49,653)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	49,653	49,653	-	(49,653)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	40,603	40,603
<i>Cash Balance - Beginning of Year</i>	-	-	80,688	80,688
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 121,291	\$ 121,291

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF RED RIVER
WATER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	361,652	361,652	352,516	(9,136)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>352,516</u>	<u>(9,136)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	137,845	158,335	124,903	33,432
Travel	8,000	5,050	6,301	(1,251)
Gross Receipts Tax	13,000	13,000	16,329	(3,329)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	6,500	6,500	5,758	742
Salaries	187,228	171,767	191,266	(19,499)
Supplies	7,500	7,000	4,345	2,655
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>360,073</u>	<u>361,652</u>	<u>348,902</u>	<u>12,750</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,579</u>	<u>-</u>	<u>3,614</u>	<u>3,614</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,579)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,579)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	3,614	3,614
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>24,416</u>	<u>24,416</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,030</u>	<u>\$ 28,030</u>

The accompanying notes are an integral part of these financial statements.

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SUPPORTING SCHEDULES

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
Town of Red River
FIDUCIARY FUNDS

Agency Funds

Agency Funds – To account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Town of Red River has the following funds classified as Agency Funds:

Motor Vehicle Department Fund (703) –To account for the collection and disbursement of Motor Vehicle Department Fees to the State Motor Vehicle Department

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STATE OF NEW MEXICO

Schedule I

TOWN OF RED RIVER

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUNDS

For The Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS</u>				
Cash	<u>\$ -</u>	<u>265,302</u>	<u>264,509</u>	<u>\$ 793</u>
<u>LIABILITIES</u>				
Deposits held in trust for others	<u>\$ -</u>	<u>265,302</u>	<u>264,509</u>	<u>\$ 793</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2010

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2010	Name and Location of Safekeeper
Peoples Bank	No securities are pledged at this time		
Centinel Banl of Taos	No securities are pledged at this time		

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2010

Schedule III

<u>Bank Account Type/Name</u>	<u>Peoples Bank</u>	<u>Centinel Bank</u>	<u>Total</u>
Tiered Money Market Account	\$ 27,425	\$ -	\$ 27,425
Checking - Operational Account	1,011,718	-	1,011,718
Checking-Court Account	1,500	-	1,500
Checking - Court Bond Account	6,219	-	6,219
Bond Revenue Account	98,646	-	98,646
Savings-Solid Waste Account	73,333	-	73,333
Checking- Marshall's Account	-	4,361	4,361
Checking-Claimjumper Account	30,137	-	30,137
Checking- MVD Account	793	-	793
Certificate of Deposit	80,903	-	80,903
Total On Deposit	1,330,674	4,361	1,335,035
Reconciling Items	285,130	-	285,130
Reconciled Balance	<u>\$ 1,045,544</u>	<u>\$ 4,361</u>	1,049,905
Investments in NM State Treasurer			<u>11,868</u>
Total June 30, 2010			<u><u>\$ 1,061,773</u></u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Exhibit A-1	\$ 968,207
Investments-Exhibit A-1	92,773
Cash-Fiduciary Funds-Exhibit E-1	793
	<u><u>\$ 1,061,773</u></u>

The accompanying notes are an integral part of these financial statements.

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COMPLIANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Town Council
Town of Red River
Red River, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Town of Red River (the Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents and have issued our report thereon dated October 25, 2010. We also have audited the financial statements of each of the Town's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Red River's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Red River's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Red River's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of Findings and Questioned Costs as item FS 2010-01 that we consider to be significant deficiencies in internal control over financial reporting.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Where Quality & Accuracy Count

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Red River's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of Findings and Questioned Costs as items FS 2010-01 and FS 2010-02, and FS 2009-03.

Town of Red River's responses to the findings identified in our audit is described in the accompanying schedule of Findings and Questioned Costs. We did not audit Town of Red River's response and accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Office of the State Auditor, New Mexico Legislature, New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Precision Accounting LLC
Albuquerque, New Mexico
October 25, 2010

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FEDERAL FINANCIAL ASSISTANCE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Town of Red River
Red River, New Mexico

Compliance

We have audited the compliance of the Town of Red River with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town of Red River's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Red River's management. Our responsibility is to express an opinion on the Town of Red River's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Red River's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Red River's compliance with those requirements.

In our opinion, the Town of Red River complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Town of Red River is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Red River's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Red River's internal control over compliance.

Where Quality & Accuracy Count

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected, and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Office of the State Auditor, the New Mexico Legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Precision Accounting LLC
Albuquerque, New Mexico
October 25, 2010

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STATE OF NEW MEXICO
Town of Red River
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Schedule IV

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
<i>Pass-through Programs:</i>				
Department of Housing and Urban Development passed through the State of New Mexico State-Administered Small Cities Program	14.228	09-C-RS-I-03-G-39	\$ 500,000	\$ 500,000
Department of Transportation passed through the NM Department of Transportation ARRA Federal Transit Capital Investment Grants	20.500	M000876	150,000	150,000
Federal Transit Formula Grants	20.507	Unknown	85,724	85,724
Total Pass-through Programs			<u>735,724</u>	<u>735,724</u>
Total Federal Financial Assistance			\$ <u>735,724</u>	\$ <u>735,724</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Town of Red River (Town) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The Town did not provide any federal awards to subrecipients during the year.

3. Non-Cash Federal Assistance

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 735,724
Total expenditures funded by other sources	<u>4,325,173</u>
Total expenditures-Grants Fund	<u>\$ 5,060,897</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
Town of Red River
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Red River.
2. Three (3) significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Town of Red River were disclosed during the audit.
4. There were no audit findings required to be reported under A-133.510(a).
5. The auditor's report on compliance for major federal award programs for the Town of Red River expresses an unqualified opinion.
6. The program tested as major were the Community Development Block Grant, CFDA No. 14.228
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Town of Red River qualified as a high risk auditee.

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STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

A. FINANCIAL STATEMENT FINDINGS

FS 10-01 Trial Balance

CONDITION: Although the Finance Director did everything in her power to get the trial balance from MIP system, the trial balance provided to for audit was not representative of the Town's general ledger.

CRITERIA: The State of New Mexico requires that all governmental entities be audited annually. Records and documents must be accurate and auditable.

CAUSE OF CONDITION: It appears that there may be an issue with the MIP Software or a lack of training in the use of the MIP Software.

EFFECT OF CONDITION: The town's trial balance was not accurate and had to be adjusted for the audit.

RECOMMENDATION: We recommend that the Town Administration contact the MIP Software technical assistance to determine why the system cannot generate the Trial Balance that spans the entire fiscal year. In addition, staff training on the system may be necessary in order to generate, create and save reports and ensure the accuracy of the financial information.

CLIENT RESPONSE: Both the Finance Director and the Town Administrator have contacted Sage MIP to have support look at the system to determine if the system is set up correctly. In addition, we are committed to providing training for the staff so that they fully understand the concepts of the different modules that are used in the Sage MIP system.

FS 10-02 Travel and Per Diem

CONDITION: During our test work of Forty items tested in Travel and Per Diem we found Ten (10) instances of meal reimbursement or purchase, where itemized receipts are not attached to payment voucher making it difficult to determine what was purchased and/or in the instance of multiple purchases, where employee/officer description not listed making it difficult to determine who the meal was purchased for.

CRITERIA: The State of New Mexico HB 336 Per Diem and Mileage Act require that purchase and/or reimbursements for employee travel and per diem expenses be supported by adequate supporting documentation justifying the expense.

CAUSE OF CONDITION: Accounting control procedures were not practiced when approving and submitting the items for payment, the supporting documentation did not clearly support the expenditure.

EFFECT OF CONDITION: By not using good internal controls and accounting practices opens up the possibility of making an unjustified expenditure

RECOMMENDATION: We request that the Town comply with required Accounting Controls in reviewing and processing invoices for payment and maintain adequate documentation to support the transactions.

CLIENT RESPONSE: We will review control measures with the Department heads, and the finance department and request that proper documentation be presented for processing invoice payments.

FS 09-03 Excess Expenditures over budget (repeated and revised)

CONDITION: During our testwork of budgeted and actual expenditures, we noted budget overspending in the following fund as noted below:

Sewer Awwt Replacement Fund	(11,312)
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CRITERIA: Section 6-6-6, NMSA 1978 states that actual expenditures cannot exceed approved budgeted amounts.

CAUSE OF CONDITION: The Town did not have adequate budgetary controls, thereby allowing expenditures to exceed budgetary authority.

EFFECT OF CONDITION: The Town has violated State Statutes and DFA regulations related to budgetary process and could potentially over spend a fund.

RECOMMENDATION: We recommend that the Town implement controls to monitor spending in conjunction with approved budgets.

CLIENT RESPONSE: The Town of Red River believed the legal level of budgetary control was at the fund level and not at the expenditure level. In the future, we will be review the budgets and make adjustments at the expenditure level.

STATE OF NEW MEXICO
TOWN OF RED RIVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

B. FEDERAL AWARD FINDINGS

There were no federal award findings in the current year.

C. PRIOR YEAR AUDIT FINDINGS

FS 09-01 Procurement-Cleared

FS 09-02 Utility Billing Rates-Cleared

FS 09-03 Excess Expenditures over budget-Repeated and Revised

FS 09-04 Contract- Cleared

STATE OF NEW MEXICO
TOWN OF RED RIVER
OTHER DISCLOSURES
June 30, 2010

A. AUDITOR PREPARED FINANCIAL STATEMENTS

It would be preferred and desirable for the Town to prepare its own GAAP-basis financial statements; however, it was determined that the Town's personnel, who is qualified to perform this task, does not have the time to prepare them. Although the financial statements are the responsibility of the Town, the preparation of those statements was included in the contract as services to be provided by the auditor. As such the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on October 22, 2010. The following individuals were in attendance.

Town of Red River
Linda Calhoun, Mayor
Russell Church, Town Administrator
Georgiana Rael, Town Clerk/Finance Officer

Precision Accounting LLC
Melissa R. Santistevan, CPA
C. Jack Emmons, CPA, CFE